

# Friday Fundamentals Webinar #6

## *Operational Measures that Tie It Together*

---



Business Engagement and Compliance Office

### **Welcome!**

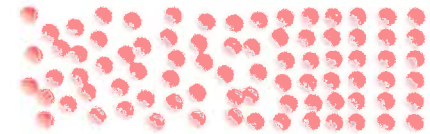
We recommend you use the "Telephone" option.  
Dial +1 (312) 878-3081. Access code: 911-776-794#.

**Password is friday6.**

Enter your Audio PIN as shown.

If you select the "Mic & Speakers" option, you will download and install the safe Citrix desktop program.

**BLACKERBY**



**ASSOCIATES**

*Transforming Organizations*

16858 E. Ave. of the Fountains

Fountain Hills, AZ 85268

Tel. (602) 908-1082

[info@BlackerbyAssoc.com](mailto:info@BlackerbyAssoc.com)

[www.BlackerbyAssoc.com](http://www.BlackerbyAssoc.com)

# Your Host



Phillip Blackerby

**BLACKERBY ASSOCIATES, INC.**

Consultant with ADOT  
Business Engagement and  
Compliance Office, 4 years

DBEs: Financial management,  
strategic planning, marketing

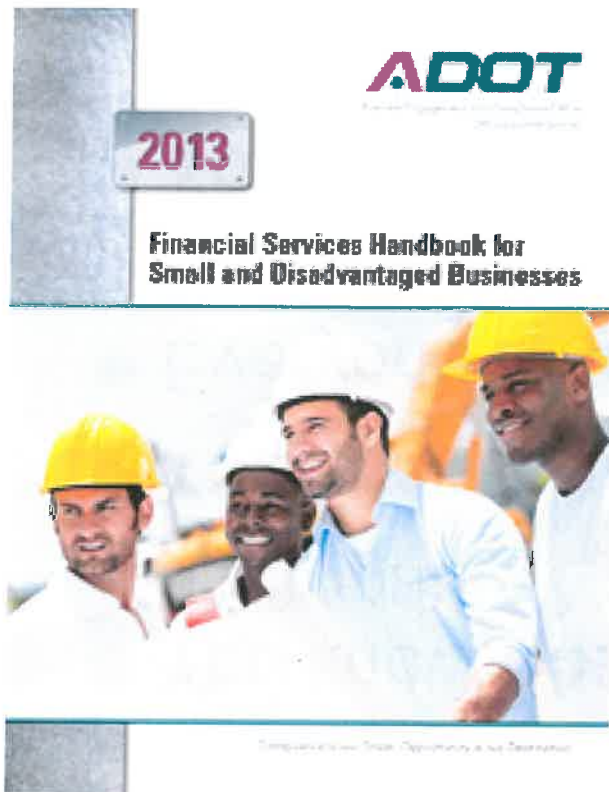
Trained over 800 entrepreneurs

Master's Degree: **Univ. of Texas**

Bachelor's Degree: **Brown Univ.**



# Financial Services Handbook



- Financing: Lenders and Borrowing
- Insurance: Liability, Errors & Omissions, Workers Compensation, Health
- Bonding: License Bonds, Performance Bonds, Bid Bonds
- English & Spanish: FREE!

<http://www.adotdbe.com/adot-dbess-provides-financial-handbook-free-to-dbes-sbcs/>

<http://bit.ly/FinSvcs>

# What if...



- You knew what metrics were most appropriate?
- You knew what was important?
- Everyone in your organization rowed in the same direction?
- You could measure and chart your progress weekly, monthly, yearly?

*Would that be valuable to you?*

# Operational Measures

---

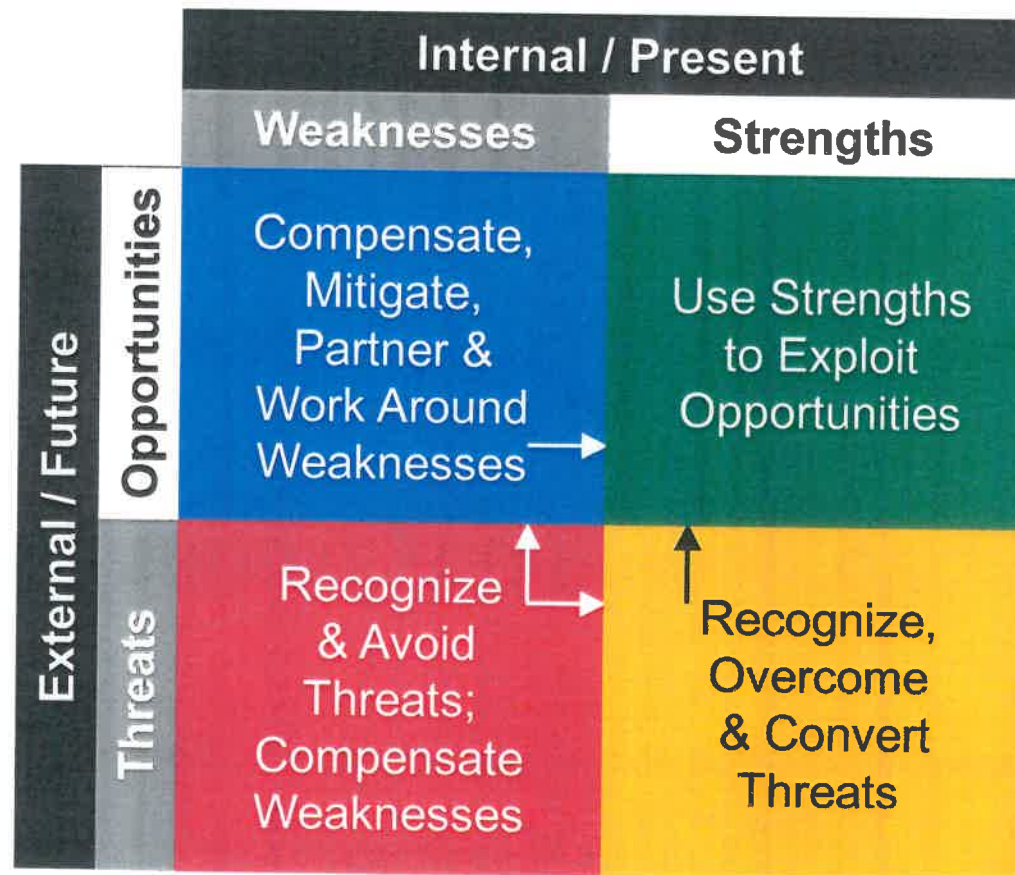


So what should you measure?

That depends...

...on what you want to accomplish!

# SWOT Analysis





# Levels of Planning



# Goals and Objectives



- BHAG
- Exit strategy guides all other decisions: Children, sale, merger, IPO, ESOP, run dry, liquidate
- Company vs. business
- Goals matrix
- Goals vs. objectives
- Strategic objectives

		Do We Want It?	
		Yes	No
Do We Have It?	No	Achieve	Avoid
	Yes	Preserve	Eliminate



# SMART Objectives

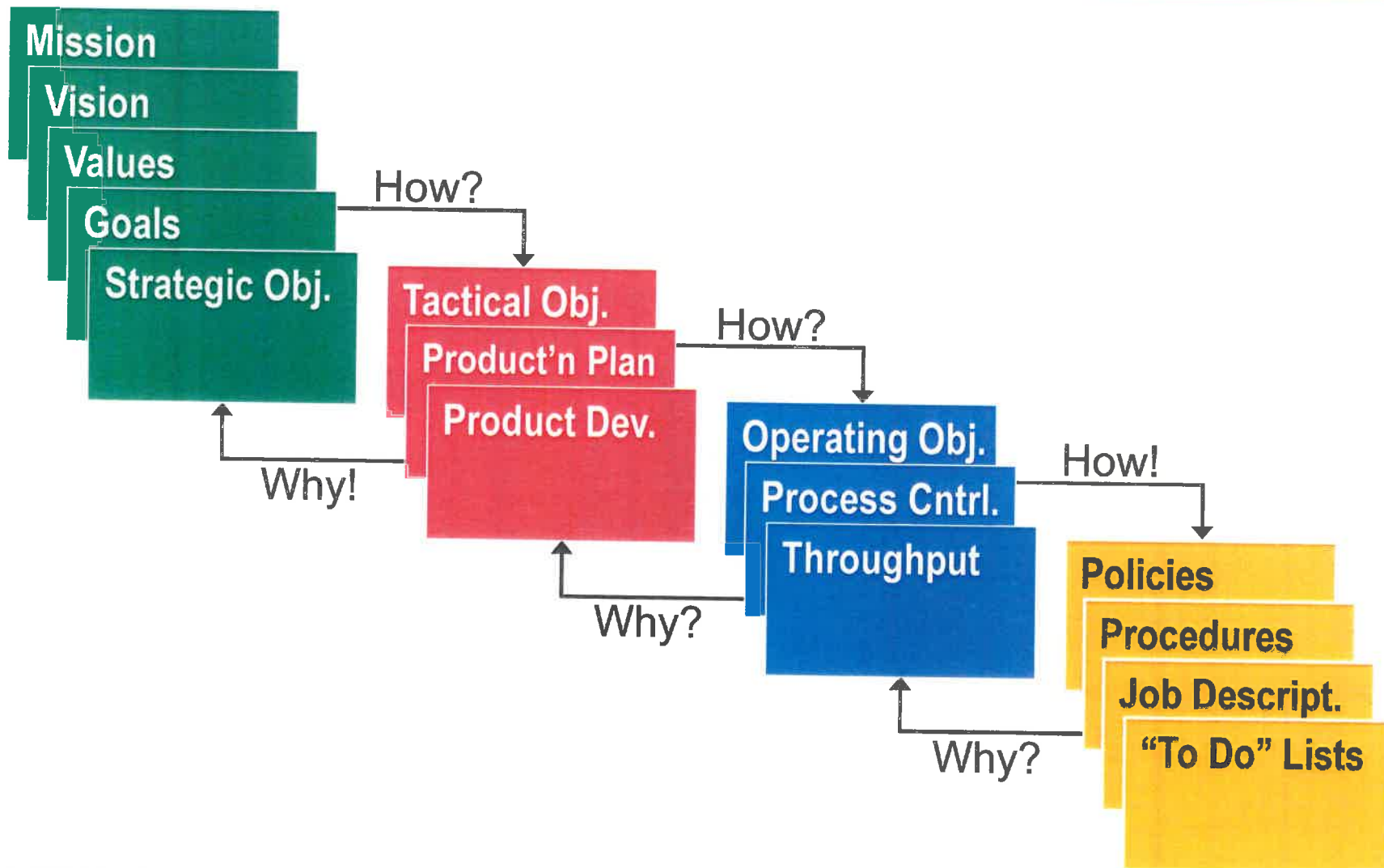


**Specific**  
**Measurable**  
**Actionable**  
**Realistic**  
**Time-bound**

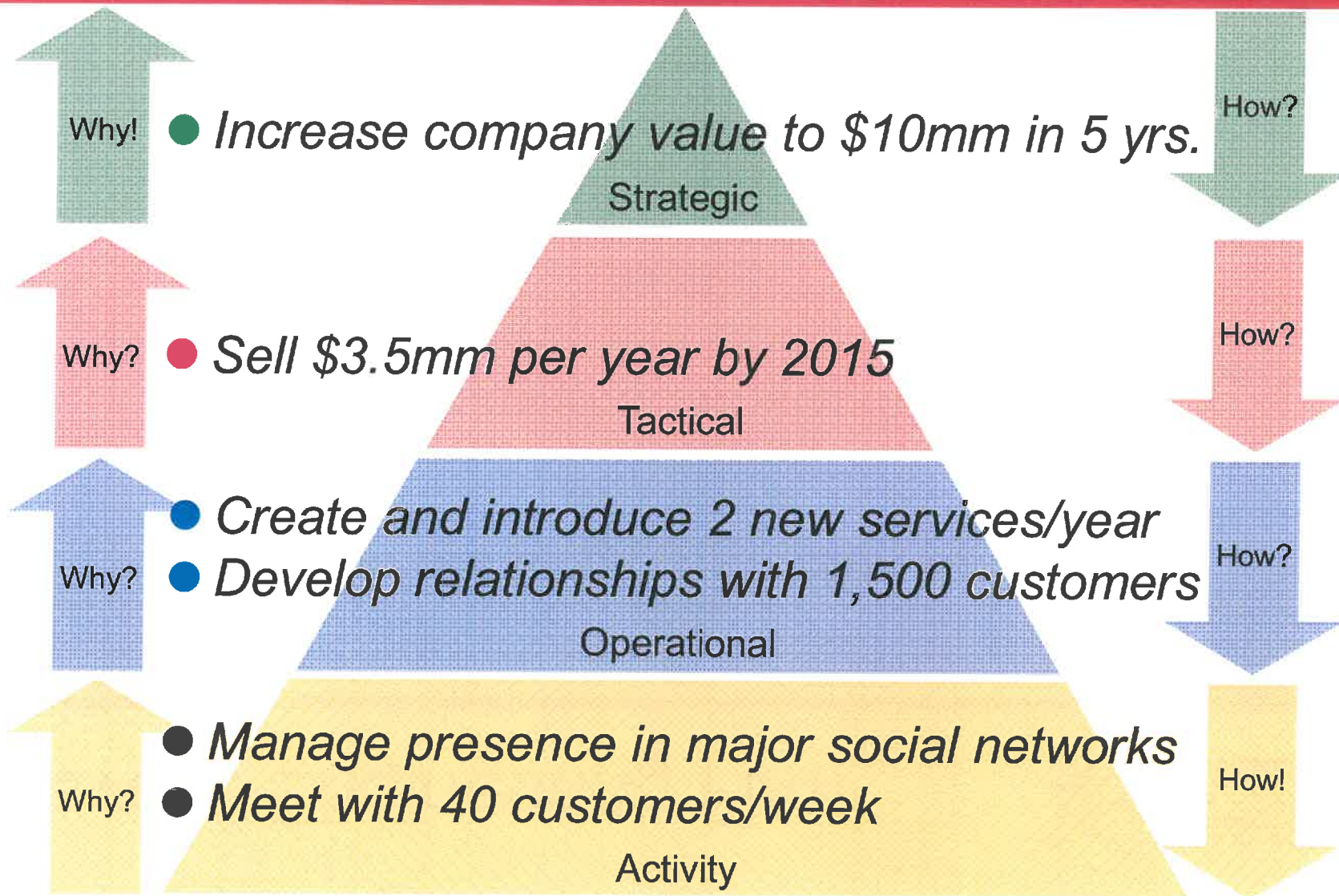


- To increase our company's *Equity* to \$750,000 by end of 2015
- To serve 100 new monthly subscription customers by 12/31

# Levels of Planning

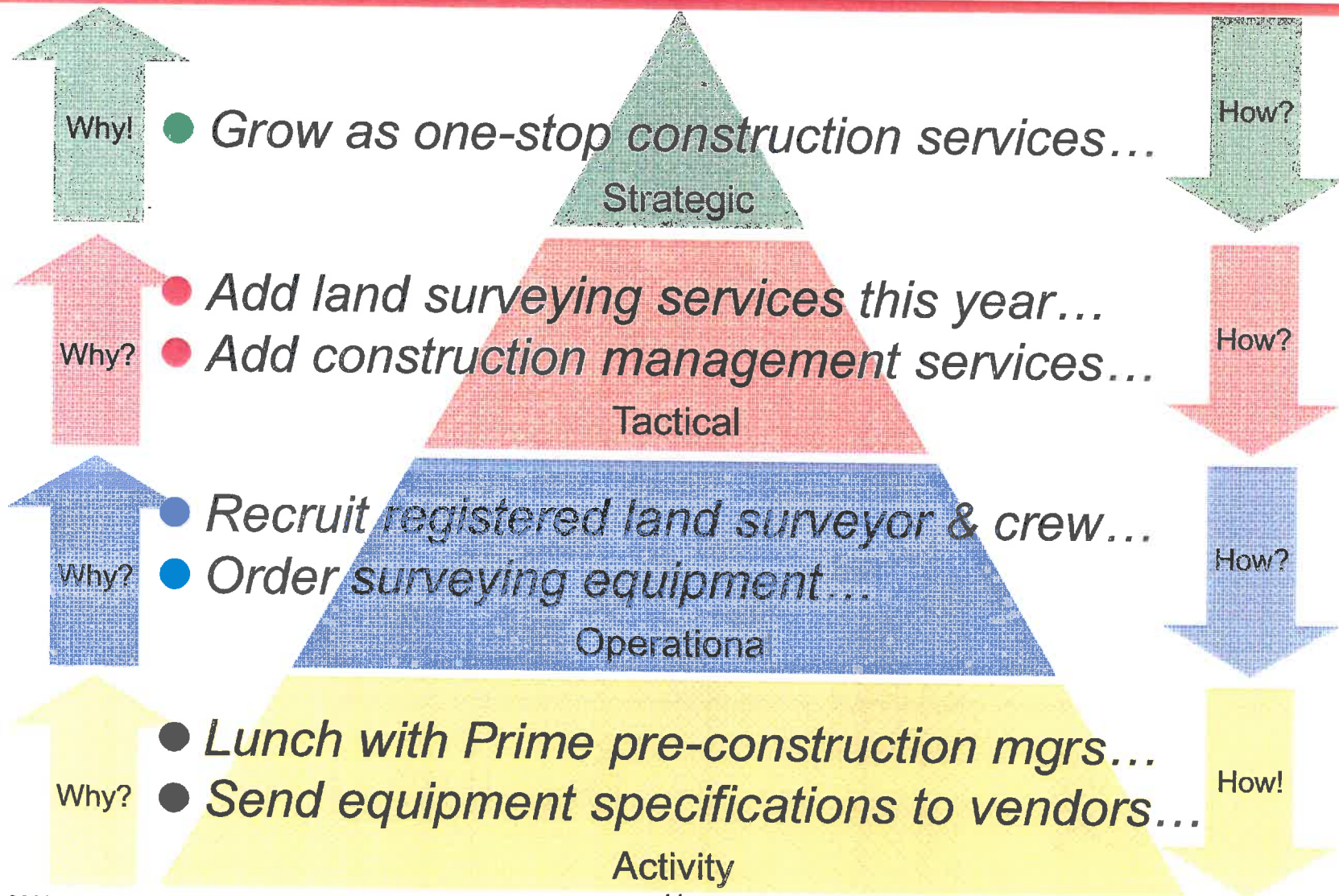


# Levels of Planning





# Levels: Engineering Firm



# So What Should I Measure?



- 
- |                                  |          |
|----------------------------------|----------|
| ● Financial performance          | March 7  |
| ● Break-even point, cash flows   | April 4  |
| ● Credit-worthiness              | May 2    |
| ● Marketing effectiveness        | June 6   |
| ● Prime Contractor relationships | July 11  |
| ● Strategic planning             | August 1 |

# Balance Sheet

As of: \_\_/\_\_/\_\_



## Assets – What I OWN

- + Cash & equivalents
- + Accounts receivable
- + Other short term
- + Inventory
- + Plant & equipment
- Accum. depreciation
- + Other long term
- = Total Assets**

## Liabilities – What I OWE

- + Accounts payable
- + Short term debts
- + Long term debts
- = Total Liabilities**

## Equity

- + Investors' capital
- + Retained earnings
- = Total Equity**
- = Liabilities + Equity**



$$A = L + E$$



# P&L, Income Stmt.

From:    /   /     
To:    /   /   



+ Gross Sales (GS)

– COGS/COSS

= Gross Profit (G $\pi$ )

– Selling Expenses

– General Expenses

– Administrative Expenses

} “Fixed Costs”

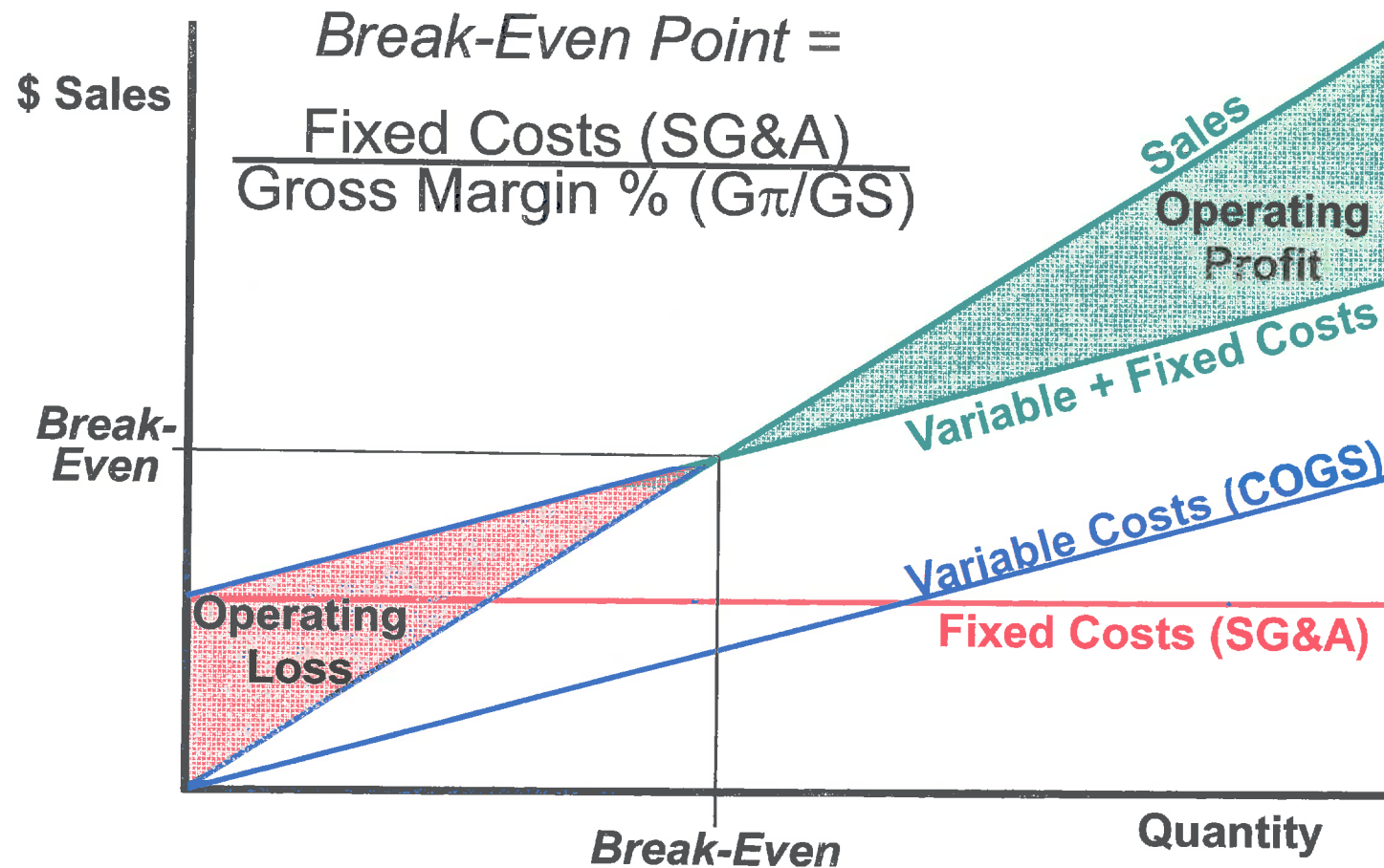
= Operating Profit (EBITDA)

± Int, Taxes, Deprec, Amort

= Net Profit

$\pi$

# Profits Increase With Sales



# “Clean” Financials

---



- CIK DROOM
- Manage accounts payable
- Manage accounts receivable
- Minimize overhead
- Allocate direct costs to contracts
- Include all costs in equipment rates
- Professional svcs.: audited overhead rates
- Manage projects for faster finish

# Loan Application



- SBA Form 4 Application
- SBA Form 912 Personal History
- SBA Form 413 Personal Financials
- Business P&L YTD
- Business P&L 3 years
- Business P&L projections
- Written explanation
- Ownerships & affiliations
- Business licenses
- Loan appl. History
- Tax returns `3 years
  - Personal
  - Business
- Résumés, all owners
- Business overview, history
- Business lease

# Marketing

---



- ① Who are your *customers & clients*?
- ② What *products & services* benefit customers and meet their expectations?
- ③ What *message(s)* will resonate with your customers?
- ④ What *media* will communicate your messages to your customers?

# Approaches



- *Paid advertising*

*'Half the money I spend on advertising is wasted; the trouble is I don't know which half.'*

– John Wanamaker (attrib.)



- *Public relations:* editorial content  
Other people telling about you, rather than you telling about yourself

- *Social media*  
Develop an intimate relationship with customers and clients on a mass scale



# Social Media Marketing

---



- Web site: foundation
- Blog: demonstrate expertise
- Other people's blogs: comments
- Photo blog / sharing
- Video blog / sharing
- Commercial social media sites
- Customer reviews: Listen & respond
- Twitter: Listen & respond



# Prime Contractor Relationships

---



# Long-Term Plan

---



- Reduce each crew's *break-even* point 5%
- Increase credit rating (FICO) to 730
- Grow residential business to 4 crews
- Run 4 major commercial projects per year with 5<sup>th</sup> crew

# Middle-Term Plan



- Cut overhead by 5% by 12/31
- Manage cash flow monitoring sheet weekly
- Increase customer satis. from 86% to 92%
- Grow business to support 3<sup>rd</sup> crew – 12/31
- Publish 12 monthly newsletters per year
- Get on 5 more Primes' bid systems – 12/31

# Short-Term Plan

---



## Weekly Goals – Aug. 4-8

- Collect  $\frac{1}{2}$  30-day receivables
- Mow 80 lawns
- Submit "Hwy 303" proposal to Sundt, FNF, Kiewit
- Meet banker re: SBA loan

# Correspondence



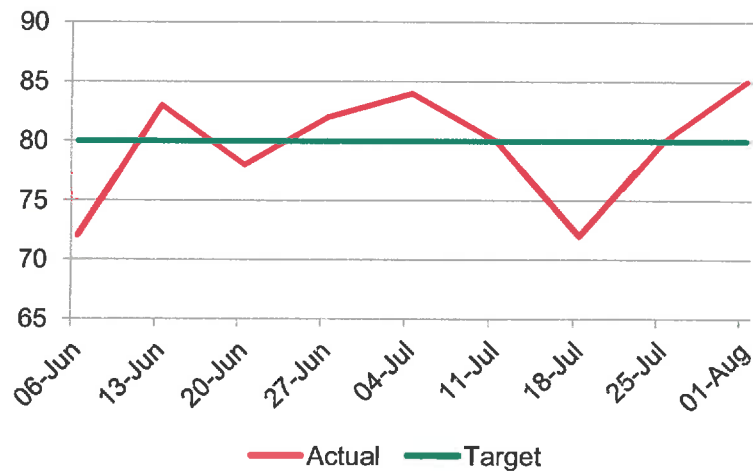
LONG TERM	MIDDLE TERM	SHORT TERM
Reduce <i>break-even</i>	Cut overhead	Collect receivables
Incr. credit rating	Manage cash flows	Meet banker
Grow residential to 4 crews	Incr. customer satis.  Grow 3 <sup>rd</sup> crew  12 newsletters	Mow 80 lawns
4 commercial projects	5 Primes bid systems	Submit proposal



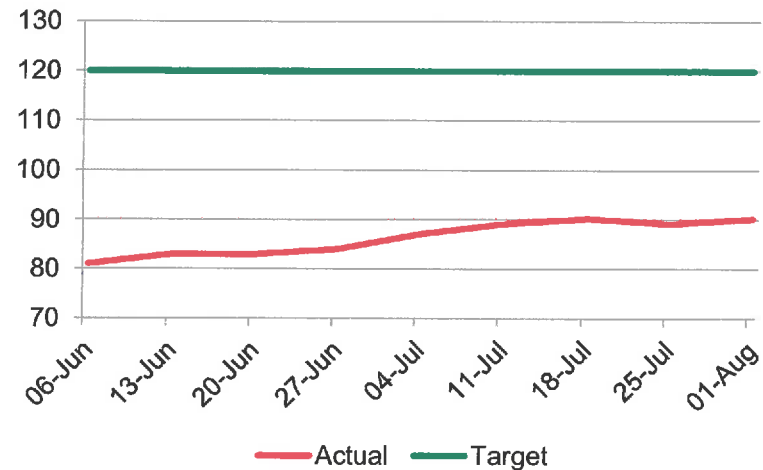
# Bob's Dashboard



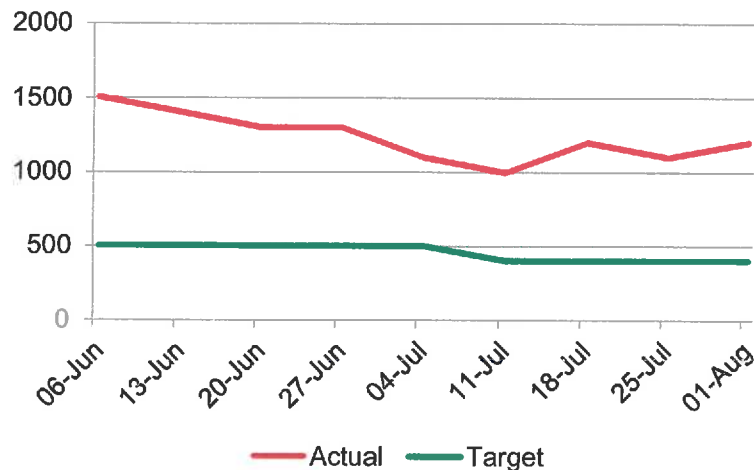
## Lawns Mowed



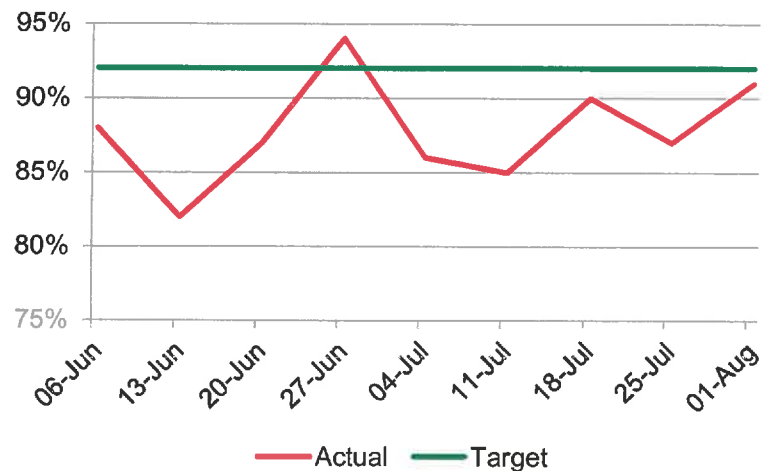
## Customer Subscriptions



## 30-Day Accounts Receiveable



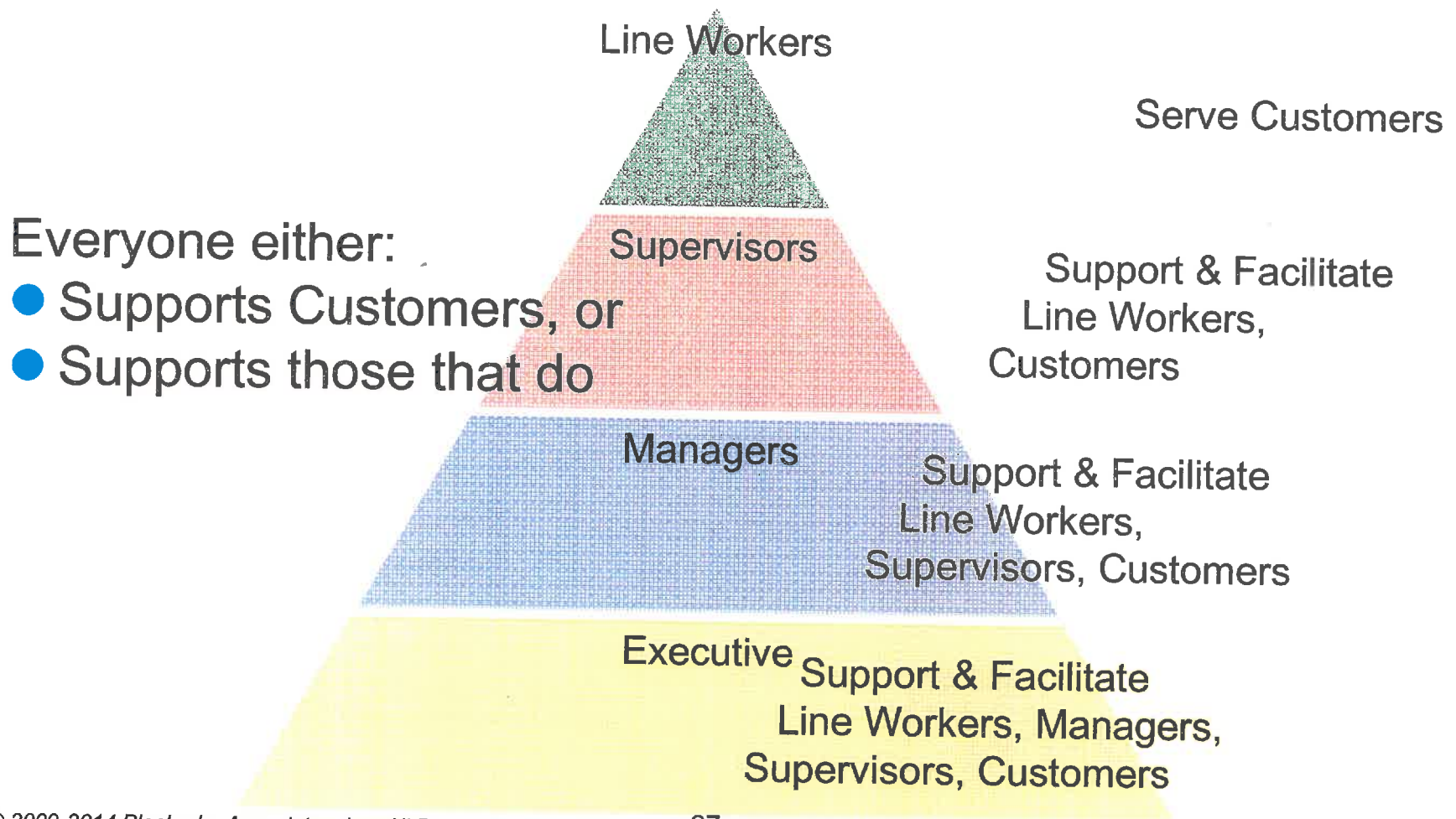
## Customer Satisfaction (% 4, 5)



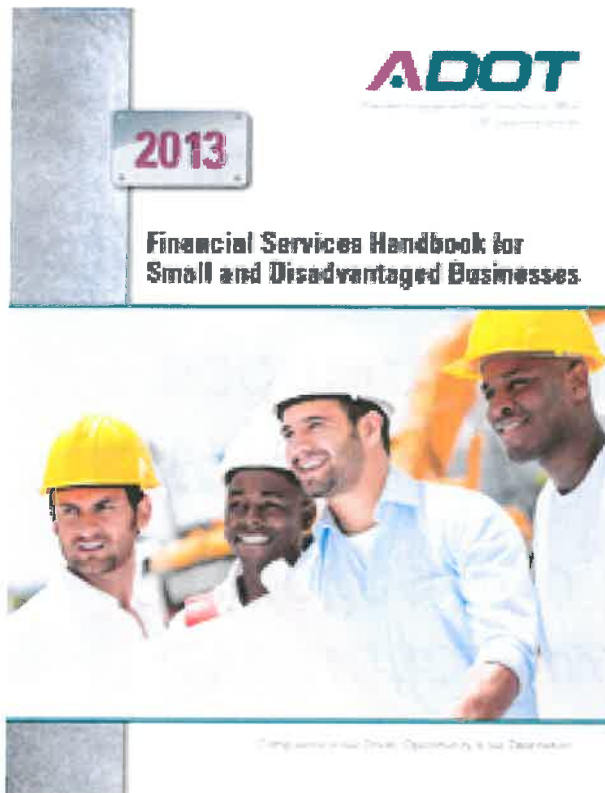
# A Final Thought...



## Customers



# Financial Services Handbook



- *Financing:* Lenders and Borrowing
- *Insurance:* Liability, Errors & Omissions, Workers Compensation, Health
- *Bonding:* License Bonds, Performance Bonds, Bid Bonds
- English & Spanish: FREE!

<http://www.adotdbe.com/adot-dbess-provides-financial-handbook-free-to-dbes-sbcs/>

<http://bit.ly/FinSvcs>

# What's Next?



- *Evaluation survey*: Look for an email directing you to the survey.
- *Video* of today's session will be posted on soon! <http://bit.ly/blackerbytv>
- *Next webinar*: Sept. 5 (tent.), 9:00-10:00 a.m. "AZ Innovation Accelerator Fund"  
<http://friday-fundamentals.eventbrite.com>
- *One-on-one consulting*: 3 hours free to DBEs! Email request, describe your needs to: Kent Lane, [klane@azdot.gov](mailto:klane@azdot.gov).